

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

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Investigation by the Department of  
Telecommunications and Energy on its  
Motion pursuant to G.L. c. 159, §105 and  
G.L. c. 164, §76 to investigate increasing  
the penetration rate for discounted  
electric, gas and telephone service

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D.T.E. 01-106-C

**BLACKSTONE GAS COMPANY’S RESPONSE TO  
ATTORNEY GENERAL’S MOTION FOR RECONSIDERATION**

Blackstone Gas Company (“BGC” or “Company”) files this response to the Attorney General’s Motion for Reconsideration of the decision of the Department of Telecommunications and Energy (“Department”) dated October 14, 2005 in Docket D.T.E. 01-106-C. (“Order”)

The AG’s Motion for Reconsideration does not meet the standards for reconsideration as it fails to demonstrate any mistake or inadvertence by the Department and the AG does not set forth any previously unknown or undisclosed facts that would warrant a material change in the Order. Thus, there is no basis for the Department to reconsider its Order.

Blackstone also opposes reconsideration of the Order which would create uncertainty and place at risk cost recovery by utilities of increased customer participation on low-income discount rates. Such uncertainty would discourage implementation of the change in Department policy.

The cost of low-income discounts have traditionally been recovered through base rates without any reconciliation for increases or decreases in participation. See, e.g., *Blackstone Gas*

*Company*, D.T.E. 01-50, at 34-35 (where the Department specifically rejected a deferral mechanism requested by Blackstone). Nevertheless the Department properly recognized in the Order that the number of participants on the low-income discount rates could increase significantly as a result of computer-matching and the directive of the Department to the gas utilities to encourage all eligible customers to participate in the low-income discount rates in approving Gas Adjustment Factors for the current winter peak period. D.T.E. 05-GAF-P1 through P8 (November 1, 2005). The Department directive to allow recovery of these additional costs under the Alternative Mechanism to implement this public policy initiative is fully in accordance with the authority of the Department.

In the Order the Department adopted the Alternative Mechanism which “addresses the short-term concern of revenue shortfall from increased participation in discount rates, resulting from a change in Department policy...” Order at 11. The Alternative Mechanism will recover additional costs only until the next general distribution base rate case of each utility.

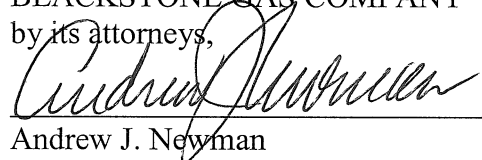
Clearly, the Department has found that increased customer participation in the discount rates are appropriate and in the public interest to provide a benefit to low-income customers to mitigate high energy prices. The Department has broad authority to determine ratemaking matters in the public interest *Massachusetts Institute of Technology v. Department of Public Utilities*, 425 Mass. 856, 868, (1997) and cases cited therein. The Alternative Mechanism method is within the reasonable discretion of the Department. The creation of baseline amount for the twelve month period ending June 30, 2005 to be subtracted from future low-income discounts is one reasonable approach to capture increases in discounts extended by the utilities.

As the Department noted in footnote 4 of the Order, low-income discount shortfalls were previously allocated to various rate classes using a rate base allocator. Thus, there is not a single cents per unit of sales that can be used to determine the current low-income discounts revenues recovered by each utility for any period subsequent to its last rate case. The Department choose to implement its policy, to increase low-income discount enrollment on an expedited basis, without conducting a detailed calculation for each utility. The Alternative Mechanism is a reasonable short-term temporary adjustment until the next base rate case.

The Motion for Reconsideration should be rejected.

Respectfully submitted,

BLACKSTONE GAS COMPANY  
by its attorneys,

A handwritten signature in dark ink, appearing to read "Andrew J. Newman", is written over a horizontal line.

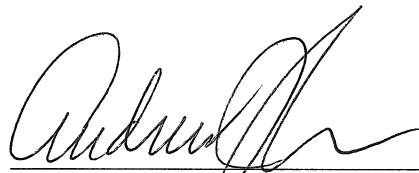
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Date: November 28, 2005

Blackstone Gs Company's Response to  
Attorney General's Motion for Reconsideration

CERTIFICATE OF SERVICE

I, Andrew J. Newman, hereby certify that a copy of the Blackstone Gas Company's Response to Attorney General's Motion for Reconsideration was served by Hand and by e-mail to Mary L. Cottrell, Secretary, Department of Telecommunications and Energy, One South Station, 2nd Floor, Boston, MA 02110, with copies in accordance with the Procedural Schedule to the Service List.

  
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Andrew J. Newman

Date: November 28, 2005